



Lodi Electric Utility

Frequently Asked Questions Regarding the Proposed Rate Increase

Why Might My Electric Rates Increase?

Current rates don't cover the cost of operating the utility, and a delay means putting Lodi customers at risk of paying even higher rates in the future. The proposed rates will allow the utility to pay for maintenance, repairs and make other improvements to the electrical system, and ensure there are sufficient funds on hand to pay back utility loans and for unforeseen emergencies. One hundred percent of the additional revenue will be used for the utility.

When Was the Last Time My Electric Rates Increased?

With the exception of an Energy Cost Adjustment (ECA) implemented in 2007 to account for month-to-month changes in power supply costs, LEU customers have not seen an increase in their base electric rates in nearly a decade – 2005 to be exact. Overall rates, when the ECA is included, are lower now on average than they were five years ago.

What Is the Electric Rate Increase Being Proposed?

The LEU is requesting a 5% increase effective January 2015. In addition, the LEU is recommending annual inflationary increases of no more than 2% each year – 2016, 2017, 2018 and 2019. However, these inflationary increase requests are not automatically applied, but will be brought back to City Council each year for approval as part of the budget planning process only if needed.

Why Can't a Smaller Increase Be Implemented?

A 5% increase in 2015 is necessary to meet LEU's requirements to its partnering power agencies to demonstrate that it has sufficient financial strength to pay for its share of energy purchases. As a member of the Northern California Power Agency (NCPA), Lodi enjoys the benefits of NCPA's bulk purchases as long as we meet certain criteria for fiscal health. For instance, without a rate increase the LEU would have to buy natural gas on its own for the Lodi Energy Center, leading to higher power supply costs.

What Happens if Rates Are Not Raised?

The LEU is anticipating an average annual deficit over the next 10 years of approximately \$2.5 million per year. Absent a rate increase, the LEU eventually will be unable to meet its financial obligations to debt-holders and power partners. Maintenance will be deferred, resulting in possible additional outages for homes and businesses, and the LEU would likely see its credit rating fall, resulting in increased power purchase and borrowing costs, further increasing the deficit.

Why Should I Care?

The LEU is not run by shareholders who get dividends and profits. The LEU is a municipal utility owned by YOU – the customer. There is a value to you for the investment you make in your utility. We continue to provide you with lower rates than local investor-owned utilities such as PG&E and will continue to do so even with a rate increase. We also support your parks, library, police and fire as well as keep the lights on for you.

Where Is the City in the Process?

The City Council met on August 26, 2014 to discuss the LEU 10-Year Financial Model and directed staff to come back to the City Council with a rate adjustment plan to prevent the anticipated annual deficits. The City Council opened a Public Hearing on October 1, 2014 to consider introduction of an ordinance to raise electric rates in accordance with the completed LEU Financial Model and continued the public hearing to November 19, 2014. At the close of the Public Hearing, if the City Council votes to introduce an ordinance for a rate increase, a second reading of the ordinance will take place on December 3, 2014. For more information on these City Council meetings, please visit: <http://www.lodi.gov/city-council/AgendaPage.html>.

When Will the Rate Increase Start?

If approved, a rate increase of 5% will take effect January 2015. Residents and businesses will see their first increase on their February 2015 bill (for January energy usage).

Are Rates Increasing for Low Income Customers?

Rates are increasing for all customers. However, qualifying customers are still eligible to receive a discounted rate under the City's current fixed and low-income programs.

Please visit: <http://www.lodielectric.com/eudiscounts.html?page=MD> for more information.

How Much Will My New Bill Be?

The impact to each individual customer will depend on their actual energy usage. The average residential customer using 600 kilowatt hours per month will see an increase of approximately \$5 per month, or \$60 per year. Commercial and industrial customer bill increases will depend upon each user's rate class, energy usage and demand. **Should you need assistance estimating the increase to your monthly bill, please feel free to contact us at (209) 333-6800, extension 2050.**

Comparison of Lodi Electric Rates with Other Utilities Current and Proposed

	Palo Alto	Roseville	Turlock Irrigation District ¹	Lodi (Current)	Lodi 2015 (Proposed)	Alameda	Redding	Modesto Irrigation District	PG&E ²
600 kWh	\$68	\$90	\$95	\$100	\$105	\$103	\$105	\$110	\$114
750 kWh	\$94	\$114	\$117	\$125	\$131	\$135	\$128	\$137	\$158
1,000 kWh	\$137	\$153	\$155	\$167	\$175	\$189	\$166	\$180	\$240

¹Turlock Irrigation District proposing 5 percent increase for 2015.

²PG&E increase of 4.16% for 2015 and 4.94% for 2016; includes Utility User Tax of 6%.

How Can I Save Money?

Lodi Electric Utility offers a number of energy saving programs for residential, commercial and industrial customers and has just recently expanded its rebate programs. Please visit www.lodielectric.com for more information or call 855-516-2105.